Millennials: Target These TSX Stocks for the 2020s

Description

Millennial investors have been fortunate to spend a good chunk of their adult lives in one of the longest bull markets in history.

In Canada, those gains have been muted in comparison to the high growth in the United States. This is largely due to the heavy weighting of energy and materials, both of which have been volatile sectors over the past decade.

Today, I want to look at two stocks that millennials should consider holding into the next decade and beyond. Both are well positioned for growth on the back of friendly macro trends and strong management. Let's dive in.

BlackBerry

BlackBerry (TSX:BB)(NYSE:BB) stock has dropped 16.5% over the past three months. Shares dropped to a 52-week low of $8.84 during trading this month. The stock began its downward slide after the release of its fiscal 2020 first-quarter results.

Analysts were frosty on BlackBerry after its Q1 report in the wake of the success of **CrowdStrike**, a California-based competitor in the cyber security space. BlackBerry addressed this in the earnings call. CEO John Chen questioned how long CrowdStrike could keep up its scorching stock momentum.

Apart from that, it was a positive quarter for BlackBerry. Revenue rose to $247 million compared to $213 million in the prior year. It posted a net loss of $35 million, or $0.09 per share, which was down from a net loss of $60 million, or $0.11 per share, in its fiscal 2019 first-quarter report. Sales from its Cylance acquisition are ramping up, and it announced an expanded partnership with LG Electronics.

BlackBerry's footprint in cybersecurity and automated vehicle software make it an attractive target in the tech sector. I like the stock priced below the $10 mark today.

CAE

CAE (TSX:CAE)(NYSE:CAE) stock has climbed 33.5% in 2019 so far. The company is focused on delivering training for civil aviation, defence, security, and healthcare markets. In recent articles, I'd discussed why targeting companies with a footprint in the defence sector is a great strategy for long-term investors.

The company released its first-quarter fiscal 2020 results on August 14. Revenue climbed to $825.6 million compared to $722 million in the prior year. CAE reported profit attributable to shareholders of $61.5 million, or $0.23 per share, which was lower than the $69.4 million, or $0.26 per share, posted in Q1 FY 2019.

Defence revenue rose 19% year over year in the first quarter to $320.5 million. It booked orders for $219.5 million with contractors like **Lockheed Martin** for simulators for the U.S. Air Force and U.S. Marine Corps. The defence pipeline boasts over $4.2 billion of bids and proposals pending customer decisions.

CAE hiked its quarterly dividend to $0.11 per share, which represents a modest 1.3% yield. It has now achieved dividend growth for 12 consecutive years. Shares possess a high price-to-earnings ratio of 29.4 and a price-to-book of 3.8 at the time of this writing.

That means investors may want to wait for a more favourable entry point as we look ahead to September. Still, CAE is a stock that deserves to be in your portfolio in the next decade.

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2. NYSE:CAE (CAE Inc.)
3. TSX:BB (BlackBerry)
4. TSX:CAE (CAE Inc.)

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